

EXECUTIVE BUDGET RECOMMENDATION FOR 2004-2005

On February 12, Governor Granholm presented her executive budget recommendations for 2004-2005 (FY 2005). Following is a brief list of some of the provisions of the K-12 budget proposal.

- C The **minimum** foundation allowance in FY 2005 would be \$6,700.00. All districts would have a foundation equal to their per-pupil foundation in FY 2004.
- C **At-risk pupil funding** (§31a) would continue at \$314.2 million. As in FY 2004, a portion of at-risk funding would continue to be earmarked for **school-based health clinics**.
- C **Michigan School Readiness funding** (§32d) would continue at \$72.8 million under the new name of **Great Start - School Readiness**.
- C Other programs that would remain fully funded for FY 2005 include:
 - Proposal A Guarantee (§22a) \$6.67 billion;
 - Discretionary Payment (§22b) \$2.9 billion;
 - Special Education (§51a) \$906.2 million;
 - Bilingual Education (§41) at \$4 million;
 - Bus Driver Safety & Auxiliary Services Transportation (§74) at \$1.6 million.
- C Categoricals that would be increased for FY 2005 include:
 - Renaissance Zone Reimbursements (§26a) increased by \$6.2 million to \$36.2 million;
 - School Bond Loan Fund Payments (§11j) increased by \$12.8 million to \$41.1 million;
 - Great Parents - Great Start Program (§32j) increased by \$6.6 million to \$10 million.
- C A new categorical proposed for FY 2005 is the Learn to Earn initiative (§61b) at \$1 million, focused on bringing dropouts back to complete their education.
- C Categoricals that would be reduced for FY 2005 include:
 - ISD General Operations (§81) by \$7.6 million to \$84 million (see increase in 32j and new 61b);
 - Center for Educational Performance and Information (§94a) by \$3 million to \$1.5 million;
 - Freedom to Learn (§98b) by \$17 million to \$22.3 million including 17.3 million federal.

There are no categorical programs from 2004 that would be eliminated. However, there are some language changes that could potentially affect a district's school aid payments including the following:

- C The **Pupil Membership Blend** (§6(4)) would change from an 80%-20% blend of the current-year September count and the prior-year February count respectively to a 50%-50% blend of those two counts.
- C The **Three Year Average Membership Blend** language (§6(4)(y)) for districts with less than 1,550 pupils (blended) and fewer than 4.5 pupils per square mile would be eliminated.
- C **Hold Harmless Adjustments** (§20j) would be reduced by up to \$74 per pupil for districts with a combined per pupil foundation plus per pupil 20j amount greater than \$9,000.
- C The **Retirement Rate** (§147) is estimated to be 14.87% for FY 2005.
- C District **Consolidation** language would be added as a new section (§20l). There would be an incentive payment of \$25 per pupil in each newly consolidated district up to a maximum of \$500,000 per consolidation. The total appropriation for this categorical in FY 2005 would be \$1,000,000.
- C The 51 hours of **Professional Development Time** (§101) that are currently allowed to be counted as hours of pupil instruction towards the required 1,098 hours would only be allowed to be counted if that professional development is focused on achieving Adequate Yearly Progress (AYP) per the No Child Left Behind Act.
- C **Adult Education** (§107) funding would be based on 80% for participant enrollment and attendance and 20% on meeting the course objective instead of the 90% - 10% split in current law.

The summary provided above should not be considered a complete description of the content of the Executive Proposal. Also, please be advised that changes are possible as the budget makes its way through the legislative process. Additional information and details on the Executive Budget Proposal can be found at www.Michigan.gov/budget.

SPECIAL EDUCATION COSTS UPDATED

The March payment was calculated with updated special education and special education transportation cost figures for the vast majority of districts. The figures now being used are the costs reported for FY 2003. In addition to affecting the current year Section 51c - Special Education Headlee amount, this update may cause adjustments to the current year Section 22b - Discretionary Payment as well as causing prior year adjustments for FY 2003 Section 51c and possibly FY 2003 Section 22b. Questions concerning these changes may be directed to Dianne Easterling, (517) 241-4517, EasterlingD@Michigan.gov.

ACCESSING ON-LINE STATE AID FINANCIAL REPORTS

Approximately 8 months ago, the monthly State Aid Financial Status Reports (as well as the Non-Resident Adjustment Reports) were moved to a new location on our website. Since this move, we have received calls from districts who have experienced difficulty accessing the new reports. However, the vast majority of districts are not experiencing any problems accessing the reports. If you are experiencing problems with accessing the reports, here are a few reasons why this may be occurring.

- C User is attempting to access the reports via a saved link that refers to the old location. This may occur if you saved the location to the reports under your "Favorites" folder.
- C User is operating behind a server that caches (saves in memory) web pages and has cached a reference to the old report pages.
- C User's own personal computer is caching web pages for faster retrieval. If you are operating Internet Explorer (version 5 or higher), you may ensure that a new page is loaded with each visit by clicking on "Tool" then "Internet Options" then "Settings" (found under the "Temporary Internet Files" section). Then select "Every Visit to the Page."

If you are having difficulties, please seek assistance from your technology support staff. If that does not remedy the problem, please contact Mike Davidson, Office of State Aid and School Finance, (517) 241-2522,

DavidsonM@Michigan.gov.

The actual URLs to the reports are as follows:

Financial Status Report--<http://136.181.114.10/stateaid/status/status.asp>

Non Resident Adjustment Report--<http://136.181.114.10/stateaid/nonresident/nonres.asp>

FINANCIAL INFORMATION DATABASE (FID)

The Financial Information Database (FID) is the system that will replace Form B financial reporting for FY 2004. All local and intermediate districts and public school academies will be required to report their financial data for the school year ending June 30, 2004 via the FID to the Center for Educational Performance and Information (CEPI). The CEPI has recently mailed "update" information to all local and intermediate district superintendents and public school academy administrators. The information is posted on the CEPI website. Go to www.Michigan.gov/CEPI and click on "Administrators." Locals, intermediates and academies are encouraged to upload and validate FY 2003 data or partial FY 2004 data using the FID application during the all-district test window that is open from March through early June. Districts that participated in the beta test in December 2003 found that the process helped them identify and correct accounts that did not comply with the *Chart of Accounts*. Districts are also encouraged to visit the CEPI FID website often to obtain FID updates, announcements and user support materials. The FID user manual is available from a link within the FID application as well as on the CEPI FID website. For questions about the FID application and implementation process you may email the DIT Education Help Desk at Help-Desk@Michigan.gov or call (517) 335-0505. For questions regarding the *Chart of Accounts* please contact Glenda Rader, (517) 335-0524 or RaderG@Michigan.gov.

GENERAL INFORMATION

- The 4th quarterly count date for **Adult Education** program participants is the 4th Wednesday in April, **April 28, 2004**.
- **Single Record Student Database** files for the Supplemental count are due to the **ISD by March 17** and to **CEPI by March 31, 2004**. Dr. Mark Gover, (517) 373-2469 or GoverM@Michigan.gov.
- The **DS-4168B Planned Days and Clock Hours Report** is due April 15, 2004. The report is available on line at www.Michigan.gov/mde. Click on "keywords" then "State Aid Forms." Joellen Wonsey, (517) 373-3352 or WonseyJ@Michigan.gov.

***Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or Dan Hanrahan, Director, State Aid & School Finance, MDE, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.**